

Fact Sheet

AB 1887 (Beall)

Mental Health and Substance Abuse Parity

PROBLEM

The federal Mental Health Parity Act (Public Law No. 104-204) went into effect on January 1, 1998 and prohibits health plans from setting annual or lifetime dollar limits on an enrollee's mental health benefits that are lower than any such limits on other medical care.

The federal requirement does not apply to employers with fewer than 50 employees. A recent New York Times article reports that *some health plans have responded to the prohibition on monetary limits by instituting limits on patient visits, treatment sessions, and hospital lengths of stay.*

An alarming number of mentally ill persons end up incarcerated because they lack access to appropriate care. Inadequate access to mental health services forces law enforcement officers to serve as the mental health providers of last resort, and this misuse of the corrections system costs state taxpayers roughly \$1.8 billion per year.

THIS BILL

This bill is intended to end the discrimination against patients with mental disorders and substance abuse issues and require treatment and coverage of those illnesses that is equitable to coverage provided for other medical illnesses. The author notes that many health plans do not provide coverage for mental disorders. Those plans that do offer coverage impose much stricter limits on mental health care than on other medical care. The author asserts that a typical plan might cap lifetime mental health treatment at \$50,000, as opposed to \$1,000,000 for other services.

Individuals struggling with mental illness quickly deplete limited coverage and personal savings and become dependent upon taxpayer-supported benefits. Annual employer costs for mental illness are an estimated \$23 billion in lost work days and the cost to the United States is more than \$150 billion in treatment, social services and lost productivity.

In addition, the California Health Benefits Review Program in their analysis of AB 1887 stated:

Health plans and insurers use mechanisms to manage behavioral healthcare utilization and costs. As a result, the effects of most parity laws are minimal in terms of cost, utilization, and access. Also, greater management of care results in fewer hospital admissions and lengths of inpatient stay will be shorter. In addition, the probability of receiving outpatient care, and average number of outpatient visits, is likely to increase. Finally, cost sharing for users will fall.

AB 1887 is budget neutral. CalPERS is not mandated to provide coverage. Nevertheless, CalPERS supports the bill and will take actions internally to provide this benefit to its own members. As a result, the taxpayer will bear no costs for implementing this bill.

SUMMARY

This bill permits health plans to continue to engage in utilization review to control costs. Several studies show AB 1887 will have a minimal impact on consumers. Analysis by the California Health Benefits Review Program last year found the vast majority of premiums would increase by only \$3.72 to \$6.36 annually.

The author argues that this bill corrects a serious discrimination problem that bankrupts families and causes enormous taxpayer expense. Nearly all plans discriminate against patients with biological brain disorders such as schizophrenia, depression and manic depression, as well as posttraumatic disorders suffered by victims of crime, abuse or disaster.

The Suicide Prevention Advocacy Network (SPAN) argues in support of similar legislation in 1999 that many of the suicides of family members of SPAN members could have been prevented had mental health coverage been available. SPAN notes that many of their loved ones had health coverage that did not include mental illness, or that included such

limited mental health benefits that the coverage ran out long before that spiral toward suicide began.

STATUS/VOTES

SUPPORT

- California Psychological Association
- Protection and Advocacy Inc.
- California State Association of Counties
- Board of Supervisors of Santa Clara County
- Mental Health Association in California
- California Council of Community Mental Health Agencies
- St. Clare School
- California Society of Addiction Medicine
- Asian Americans for Community Involvement-AACI
- Crestwood Behavioral Health, Inc.
- California State Association of Counties
- Los Angeles County Office of Education

OPPOSITION

- America's Health Insurance Plans (AHIP)
- California Association of Health Plans
- Association of California Life and Health Insurance Companies-ACLHIC

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